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FISCAL IMPACT REPORT

ORIGINAL DATE 2-22-2007

SPONSOR Campos LAST UPDATED _____ HB _____

SHORT TITLE Teacher and Education Staff Salary Increases SB 1150

ANALYST Dearing

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	*\$197,213.5	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	*See Appropriations table	*\$197,213.5	*\$197,213.5	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Corrections Department (CD)

Public School Department (PSD)

SUMMARY

Synopsis of Bill

Senate Bill 1150 appropriates One-Hundred Ninety-Seven Million, Two-Hundred Thirteen Thousand (\$197,213,458) from the general fund for expenditure in FY08 to the Public Education department, Higher Education department, the transportation distribution in the public school support budget, and the department of Finance and Administration for distribution to three (3)¹

¹ Senate Bill 1150 appropriates \$582 thousand dollars to DFA for distribution to the Corrections, Health and CYFC departments.

agencies for an average 7% compensation increase for educational, instructional and other categories of educational and staff employees.

FISCAL IMPLICATIONS

3-Year Budgetary Impact of Items in Senate Bill 988				Recurring or Non-Rec	Fund Affected
DOLLARS IN MILLIONS					
Expenditure	FY08	FY09	3-Year Impact		
7% compensation increase for all Teachers, Instructional Staff, School Principals, and other Licensed and Unlicensed Staff	136.7	136.7	273.4	Recurring	General Fund
7% compensation increase for Trans. Employees	3.2	3.2	6.3	Recurring	General Fund
7% compensation for Teachers working in the Health, Corrections and the Children Youth and Families departments	0.6	0.6	1.2	Recurring	General Fund
7% compensation increase for Public Education Dept.	1.8	1.8	3.7	Recurring	General Fund
7% compensation increase for faculty and staff employees at State post-secondary institutions, the New Mexico School for the Blind and Visually Impaired, and the New Mexico School for the Deaf	54.9	54.9	109.8	Recurring	General Fund
Total Budgetary Impact	197.2	197.2	394.4	Recurring Appropriations	

Table 1. Impact includes the Appropriation in SB1150. FY09 and 3-Year Impact **does not consider** cost of living adjustments to compensation increases and does not include necessary increases for contribution to ERB.

The appropriation of \$197.2 million contained in Senate Bill 1150 is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the General Fund.

Senate Bill 1150 would establish a 7 percent raise for all public education employees throughout the State including public, public-postsecondary, teachers working in other departments, and public education transportation employees including contract employees.

Senate Bill 1150 carries no language directing a portion of the appropriation to contributions to the Education Retirement Board.

The LFC raises concern that compensation increases at this level are actuarially extraordinary increases as applicable to the Education Retirement Board assumptions. Compensation increases of this magnitude do not consider the effects on unfunded liabilities within the Education pension fund, and will require additional increases to maintain long-term solvency of the pension fund. Compensation increases of 7% require significant additional appropriations for ERB that are not provided for in the Senate Bill 1150 appropriation.

The three-year estimated additional operating cost to enact Senate Bill 1150, including this appropriation are Three-Hundred Ninety-Four Million, Four- Hundred Twenty-Seven Thousand Dollars (\$394,427,000.0). **This 3-year figure does not include necessary ERB contributions.**

PD/nt